PREME COURT, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967.

No. 1406

WESTWARD COACH MANUFACTURING COMPANY, INC., AND RAY GRAINGER, TRUSTEE IN BANKRUPTCY OF WESTWARD COACH MANUFACTURING COMPANY, INC.,
Petitioners,

vs.

FORD MOTOR COMPANY,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

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STATEMENT OF THE CASE.

The Petitioners have not presented a concise statement of the case containing the facts material to the questions presented as required by Rule 23(e) of this Court. The statement is incomplete, inaccurate, and, on some matters, false. In others, Petitioners have gone outside the record with false statements.

The Respondent, in order to properly present its position in opposition, has added an appendix of additional facts from the record.

The Respondent is also obliged to restate the record to give the Court a chronological, accurate, and complete understanding of the material facts. In so doing, we shall refer only to the glaringly false, inaccurate and outside-of-the-record statements.

The Nature of the Case and Its Disposition.

Plaintiff Westward on April 28, 1965, filed a three-count complaint charging the Defendant, Ford, with infringement of an alleged common law trademark in count one, with common law unfair competition in count two, and with infringement of an Indiana statutory trademark registration in count three. Jurisdiction of the Court is alleged in each count of the complaint to be based upon diversity of citizenship and the amount in controversy. Judgment is requested in each count of $3,000,000 for compensatory damages; for punitive damages; for an injunction to perpetually restrain Defendant, Ford, directly and through its agents and dealers, from using the trademark "Mustang" with the representation of a charging horse in the State of Indiana and throughout the world; for attorneys' fees; for costs of the action; and for such other and further relief as is just. (App. 2-3.)*

The answer of the Defendant consisted of one defense to each of the three counts of the complaint. The answer admitted and denied specific allegations of the complaint. (App. 3.)

It was disclosed at a scheduled pre-trial conference on January 6, 1966, that the Plaintiff Westward had recently

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* Citations:

(App. .....) refers to Appendix to Petition for Writ of Certiorari.

(R. App. .....) refers to Appendix to this Brief in Opposition to the Writ.

(Pet. .....) refers to Petition for Writ of Certiorari.

filed a reorganization proceeding under Chapter XI of the Bankruptcy Act in the South Bend Division of the United States District Court for the Northern District of Indiana. Thereafter, on February 4, 1966, Ray Grainger, Trustee of Westward appointed by that Court, petitioned to be added as a party plaintiff in accordance with the authorization and direction of that Court. The Trustee was added as a party plaintiff on February 8, 1966. (App. 7.)

Defendant, Ford, filed a counterclaim for a Declaratory Judgment against the original Plaintiff on November 4, 1965, before the addition of the Trustee as a party. (App. 7.)

Defendant, Ford, filed a Motion for Summary Judgment on February 21, 1966, upon all counts of the complaint and upon its counterclaim. (App. 7-8.) On July 6, 1966, Defendant, Ford, moved to withdraw that part of its Motion seeking Summary Judgment upon its counterclaim. That Motion was granted, and that part of the Motion for Summary Judgment was stricken. (App. 8.)

The Motion for Summary Judgment, as amended, was submitted to the Court, and on July 29, 1966, the Court granted Summary Judgment in favor of the Defendant. (App. 41.)

Thereafter, and on August 29, 1966, Robert A. Spray, who throughout the District Court proceedings was the sole counsel for Plaintiffs, filed a motion as counsel for E. Edward Enochs, Bernice Enochs and Buelah Vaught, seeking to have them added as parties "and/or intervene." The motion alleged that they were the former (pre-bankruptcy) shareholders and directors of Plaintiff Westward, and that the first two were also employees. The Court overruled the motion. (App. 49-50.)

Plaintiffs appealed from the granting of the Summary Judgment to Defendant, and denial of the motion that E.

Edward Enochs, Bernice Enochs and Buelah Vaught be added as parties "and/or intervene." On January 9, 1968, the Seventh Circuit Court of Appeals affirmed the District Court. (App. 50-65.) Petitioners' petition for a certification of questions to this Court and for a rehearing was denied on February 7, 1968, by the Court of Appeals. (App. 66.)

Petitioners do not here challenge the correctness of the denial of intervention to these individuals.

STATEMENT OF FACTS.

(i) Petitioner Westward's Business.

E. Edward Enochs, in 1960, began making campers of wood construction for mounting on pick-up trucks. (App. 20.) He began marketing these under the names of "Colt," "Palomino," "Pinto," "Stud," "Stallion" and "Mustang." (R. App. 9, 10, 16.) He was aware of the dictionary definition of "Mustang" and of its use as the name of an airplane when he adopted the name. (App. 20.) In January, 1962, he applied in the name of a proprietorship, Westward Coach Manufacturing Company, for an Indiana State trademark registration of the mark "Mustang—and a pictorial representation of a leaping horse." He described the mark on which the goods had been used as being "utility coaches, *vehicle-carried accomodation* (sic) *for campers or travelers,* vans and the like." (App. 21.) In September, 1962, Westward was incorporated and Enochs' business and assets were transferred to Plaintiff. (App. 20.) Commencing in 1962, Westward began manufacturing travel trailers (a trailer towed behind an automobile), and during the next four years also manufactured a few chassis-mounted pick-up campers. The trademark "Mustang," as well as other trademarks, was applied to these travel trailers. (R. App. 14-15.)

Westward is in a large industry. A partial listing in 1965 of the manufacturers in the industry occupied seventy pages of a trade journal. (R. App. 23.) Total industry sales of pick-up campers and trailers during the period 1960 to 1965 exceeded 875,000 units. (R. App. 8.) Westward's total sales during the same period were 1,234 units, of which 865 bore the name "Mustang." (R. App. 15-16.) "Mustang" campers and trailers represented less than one-tenth of one per cent of the industry total. In the six-year period, Westward made no sales at all in seventeen of the states. In the same six-year period the sales in twenty other states were less than fifteen in any one state in total. In only eight states did Westward's total sales over this entire six-year period exceed twenty-two "Mustang" units. (R. App. 15.)

Westward's sales of units bearing the name "Mustang" increased during the six-year period. (R. App. 15.) Use of the name "Mustang" began in 1962 on travel trailers. The sales of "Mustang" trailers were two in 1962, 79 in 1963, 89 in 1964, and 239 in 1965. (R. App. 15.) After the introduction by Ford of its "Mustang" model, Westward became aware of four firms in its industry that had adopted, or sought to adopt, the name "Mustang" for their products. At Westward's request, three of the uses ceased. (R. App. 10, 18-19.)

An analysis of Westward's costs for the three-year period prior to bankruptcy proceedings showed that its units were being sold for a price well below the cost of production, even though its sales prices were being increased in each year. (R. App. 65.) Enochs testified in the bankruptcy proceedings that the contributing factors that brought about the financial difficulty of Westward were labor problems, low prices, lack of production, and pilferage. (R. App. 11.) No mention was made in the bankruptcy testimony of Ford's use of the name "Mus-

tang" as being a contributing factor although the suit was much discussed.

Purchasers of Westward out of the bankruptcy desired to purchase the assets of the company. Westward's counsel had advised that if the company were not a going concern and coaches were not being produced or made under the name "Mustang," the law suit against Ford would be jeopardized. He advised that the only way the purchasers could acquire the company and preserve the law suit was by a Chapter XI reorganization. (R. App. 32-33; R. App. 66.) Attorneys for the four purchasers of Westward said they thought the law suit against Ford was worthless. (App. 33; R. App. 66.) Enochs in the bankruptcy suit, in response to an inquiry as to whether he had received advice of counsel as to his chance of success in the Ford suit, responded "actually, most counsel sort of pass it off as a joke. They feel there is a very slim chance of anything." (R. App. 12.)

The Bankruptcy Court finally approved a plan allowing Enochs to retain fifty per cent of any recovery in the litigation, provided that he surrendered a claim of $6,700 against the bankrupt and paid all expenses and attorneys' fees of the litigation. (R. App. 68.)

(ii) Respondent's Business.

Ford is a pioneer in the manufacture and sale of truck and passenger vehicles. Its passenger vehicle lines are popularly known as Ford, Mercury and Lincoln cars. These lines are further distinguished by secondary model names such as Thunderbird, Galaxie, Fairlane, Falcon, Mustang and Continental. (App. 26.) Other competing manufacturers in the automotive industry follow the same general plan of using car-line names and secondary model names. (App. 26.) The car-line names are the principal designation appearing on each vehicle. The model names dis-

tinguish models in the particular line. The camper and trailer industry, including Westward's business, is dependent upon the products of the automotive industry, including Ford's business, to provide mobility for the full use of the camper or trailer by the user. (App. 26.) Ford, as does the rest of the automotive industry, markets its products throughout all of the states of the United States through independent franchised distributors and dealers who advertise and sell the new products of Ford and advertise and sell the trade-in used products of all automotive manufacturers. (App. 26.) Ford, as do others in the automotive industry, provides a written warranty of its products, including its Ford "Mustang" automobile, to the ultimate purchaser and user when the automobile is acquired from the dealer. (R. App. 64.) Each such warranty identifies the source of the vehicle as being Ford. The distribution of the Ford "Mustang" automobile has been substantial in every state. (R. App. 79.) The automobile is sold through authorized Ford Dealers. (R. App. 26-27.)

During the year 1962, the Defendant manufactured an experimental sports vehicle which it named "Mustang." (R. App. 51.) It was not produced for sale, but was displayed at vehicle shows. Westward, on December 10, 1962, wrote Ford that Westward had been using the name "Mustang" since September of 1960 on its trailers and campers, and requested that Ford cease using the name. (App. 67-69.) Ford acknowledged Westward's letter, stating that the name "Mustang" had been used for many years by others and that there was no likelihood of confusion with its products. There was no evidence that Ford knew of Westward or of its use of the name "Mustang" prior to Westward's letter to it. Also, Ford stated that Westward did not have "any exclusive right to use the name 'Mustang'" and that Ford had not infringed any rights of Westward by its use of the name on a display car.

(App. 70-71.) In 1964, Ford began mass production and sale of a vehicle with the model name of "Mustang" accompanied by the representation of a horse. (R. App. 51.) A $6,000,000 advertising and promotion program was instituted. Since such initial production, through the summer of 1965 another $10,000,000 had been expended by Ford in advertising and promotion programs of its automobile with the model name "Mustang." (App. 29; R. App. 51.)

During the first eighteen months after introduction, Ford sold 645,416 "Mustang" automobiles. Sales were made in every one of the fifty states. (R. App. 79.)

Ford at one time considered the proposal made by Westward's former sales manager for a joint promotion that was not consummated. (R. App. 13-14.) Ford does not manufacture, or sell, or advertise any of its products under the name "Mustang" or with the depiction of a horse, which is convertible to use as a trailer. (R. App. 53, 62.)

(iii) The Name "Mustang."

"The very word *mustang* is of long ago."[1] It was not coined by Westward. (R. App. 25.) It is not a distinctive or novel word. (R. App. 25.) It is a noun found in dictionaries and in common use for over 150 years, identifying the wild or half-wild horses of the Southwest United States and Mexico descended from the stock introduced by the Spanish conquistadores. (R. App. 26.) It was derived from the old Spanish word "mestengo," an adjective meaning "wild, having no conqueror."[2]

"Mustang" has since the Civil War identified a naval officer risen from the ranks and was the name of a famous

1. *Mustangs and Cow Horses* by Dobie, Boatright and Ransom, SMU Press (2d ed. 1965), page 3.

2. (R. App. 26.) An even more remote origin exists. A small kingdom of Nepal, founded in 1380, is named "Mustang." ("National Geographic," October, 1965.)

attack plane in use during World War II. (R. App. 26.) It is also the name of Southern Methodist University's football team. (R. App. 27.)

"Mustang" was used as the name of many products before Westward adopted it.[3] It was federally registered as a trademark at least twenty-six times, for a variety of products, prior to Westward's adoption and use. (R. App. 78.)

(iv) The Depiction of a Horse.

There have been at least 250 registrations of trademarks which included the depiction of a horse. (R. App. 78.) The name "Mustang" in combination with the representation of a horse had been federally registered as a trademark many times. (R. App. 75, 78.)

(v) Use of "Mustang" After Defendant's Adoption of It.

"Mustang" has become one of the best known names in advertising since Ford's "Mustang" model has been marketed. It has been adopted as the name of all kinds of products from sweat shirts and water skis to sailboats and homes. (R. App. 52-53.) Ford's "Mustang" automobiles are the favorite top prizes in contests and give-aways. (R. App. 52.) It is the prime object of tie-in product advertising by suppliers to Ford Motor Company, such as General Tire, Johns-Manville, Du Pont, Fram, Alcoa, and many others. (R. App. 52.) Individual merchants, small manufacturers and such giants as Longine Watches, General Electric, Listerine, Dobbs Hats, Minute Rice, Purina Dog Chow, and Cudahy Meats used "Mustang" automobiles for prizes in advertising contests. (R. App. 52.) "The hottest new product in history"[4] has caused companies, both

3. Some of the products included tractors, motorcycles, engines, trucks, automobile parts, cranes and clothing. (R. App. 52.)

4. "Newsweek" Magazine, April 26, 1965.

large and small, to use the name "Mustang" in some way to promote their own sales. (R. App. 52.) After Ford's use of it, the name "Mustang" has been adopted as a trade name for at least thirty-one businesses (R. App. 42), as a trademark for at least fifty-three products (R. App. 52-53), and trademark registrations have been sought for it by eighteen companies. (R. App. 78.)

Frank Rizzo, Westward's sales manager, who had authority to promote the sale of Westward's products, early in 1965 approached Ford to secure two Ford "Mustang" cars to be used to tow two of Westward's trailers on a promotional tour to sell Westward's trailers. (R. App. 13.) Rizzo thought the use of Ford "Mustang" cars in the tour would boost sales. (R. App. 13.) A letter had been written by Rizzo to Ford outlining the tour when Enochs (Westward's president) told Rizzo to stop the promotion. (R. App. 14.)

Westward has not, since the production of the "Mustang" by Ford, promoted any of its other names—"Colt," "Stallion," "Stud," "Pinto" or "Palomino"—which it previously used to some extent. (R. App. 44.) All were dropped with the exception of "Palomino" before the bankruptcy reorganization. Since the reorganization, only the name "Mustang" has been used by Westward. (R. App. 12.)

(vi) Use of Names in Common in Respective Parties' Industries.

It has long been a common practice for names of popular cars to be used by manufacturers in Westward's business for their products. (R. App. 29-42; 53-63.) Thus, there is an Imperial automobile made by Chrysler and seven manufacturers in Westward's line of business use the name for their products. (R. App. 35.) Ford manufactures a Continental

automobile. Three manufacturers in Westward's line of business use the name for their products. (R. App. 31-32.) Most of the well-known names—such as BelAire, Capri, Century, Galaxie, Fury, Falcon, Fairlane, Electra, El Dorado, Dart, Lark, Monterey, Pontiac, Skylark, Thunderbird, and many others—are used in both Westward's and Ford's industries. There are at least fifty-four names used for products both in Westward's industry and in Ford's. (R. App. 29-42; 53-63.)

The United States Patent Office has granted registrations of Apache for trucks by General Motors (1957), and for camp trailers by Vesely Mfg. Co.; Falcon for cars by Ford (1959) and for mobile homes by Rimer, Inc. (pending); Imperial cars for Chrysler (1930) and for house trailers by Stanley N. Lewis (1961); Montclair cars by Ford (1957) and for mobile residences by Montclair Mobile Homes, Inc. (1959); Ranchero vehicles by Ford (1957) and for trailers by Vought Industries, Inc. (1955). (R. App. 29-42; 53-63.) A recent decision of the United States Patent Office rejected the registration of "Holiday Rambler" for a trailer in view of the opposition of American Motors Corporation, the manufacturer of the Rambler automobile.

American Motors Corp. v. *Klinger Products Corp.* (1965), 146 U. S. P. Q. 674.

On appeal to the United States District Court, the Court, with the parties' consent, entered a decree on November 16, 1967, mandating the registration. (Civil Action 5144, United States District Court, Western District of Michigan.) With the overruling of the White opposition to Petitioners' own registration, there has been a consistent pattern of the common use in both the automotive and trailer industries of identical names for the respective industries' products without any likelihood of confusion.

(vii) Westward and Ford Do Not Compete.

Westward does not build automobiles and has no plans to do so. (R. App. 42-43.) Ford does not build mobile homes, motor homes, travel trailers or pick-up campers, and has no plans to do so. (R. App. 53; 66-67.)

The products of both parties are sold through dealers. (App. 26.) Some automobile dealers have taken on lines of products produced by others, including those of Westward's industry. (App. 82.) Automobile dealers may be about ten per cent of the total of all dealers in Westward's industry. (R. App. 8.)

(viii) Identification of Source by Ford.

Ford spent $16,000,000 between April 17, 1964 and September 31, 1965 advertising its "Mustang" model automobile. (R. App. 51.) In all of the advertisements of its "Mustang" automobile, the name of Ford is prominently displayed (R. App. 51), as is "Ford" upon the vehicles themselves. (R. App. 63.)

Ford has never passed its Ford "Mustang" automobile off as the product of Westward. (R. App. 43-44.) No one has been confused as to the source of Ford's "Mustang" model. (R. App. 24-25, 43-44.)

(ix) Identification of Source by Westward.

Westward's advertising has been done through brochures, trade journals and industry shows. No purchaser of Westward's products has been confused as to the source of such products. (R. App. 24.)

(x) Price Ranges of Respective Products.

Westward's products are high-priced in their market, as compared to other similar products of competitors, and are

purchased by people who prefer quality products. (R. App. 10-11.) The wholesale prices for Westward's products, which sometimes were $100.00 to $200.00 more than the retail price of comparable competitors' units (R. App. 10), ranged from $1,995.00 to $2,895.00. (App. 50.) Westward's president knew of no campers or wood-type trailers which were more expensive than his. (R. App. 10-11.) Prices on Ford's "Mustang" models ranged as high as $3,055.47 wholesale, and $3,831.50 retail, and as low as $1,917.78 wholesale, and $2,390.50 retail. (R. App. 64.)

(xi) No Dispute as to a Material Fact.

In open court at the hearing on the Summary Judgment Motion, the record shows the following agreement of the parties:

> "Plaintiffs and Defendant agreed that the Motion for Summary Judgment presented substantive questions of law in the area of trademarks, tradenames and unfair competition." (R. App. 75.)

The District Court found that there was no genuine dispute on a material fact. (App. 41, 55, 58.) The Court of Appeals affirmed this conclusion. (App. 58.)

There are some statements made by Petitioners or their witnesses which are in conflict with other statements made by Petitioners or their witnesses. None go to dispositive facts. Most relate to damages which, of course, was not before the Court on the Summary Judgment Motion. The question is whether the Defendant, Ford, did any wrongful, actionable act. The question of damages arises only after the issue of an actionable right is settled.

At the conclusion of a paragraph in Petitioner's "Statement of the Case Facts," it is stated:

> "Business got so bad that bankruptcy ensued in the winter of 1965." (Pet. 6.)

In the context of what preceded the statement, the inference is that bankruptcy resulted from those things. The statement is totally inconsistent with Enochs' (Westward's president) testimony under oath in the bankruptcy proceedings where no representative of Ford was present. There he said the financial difficulty was due to four causes:

(1) "labor problems;"
(2) "low prices;"
(3) "lack of production;" and
(4) "pilferage."

No mention was made in the bankruptcy testimony by Enochs or any other representative of Westward of Ford's use of the "Mustang" name as being the cause of bankruptcy, although creditors inquired about this suit which was then pending. (R. App. 11-12.)

The inference that it was due to sales is also false. The record shows the sales of Westward units bearing the name "Mustang" to be as follows:

1960	1961	1962	1963	1964	1965
20	107	126	170	156	286

(R. App. 14-15.)

In 1964 Westward moved to its new plant (App. 83) and Ford introduced the "Mustang." (R. App. 51.) Westward's sales of "Mustang" units soared 83.3% in 1965. The real explanation of what produced the bankruptcy came from Westward's own accountant's testimony in the bankruptcy proceedings. He made a survey of three years, which showed (R. App. 65):

	1963	1964	1965
Average sale price of units sold	$1,840.52	$1,863.61	$1,988.14
Excess of cost over sale price ..	61.19	63.15	159.28

Coupled with the fact that Westward, after the entry of the Ford "Mustang," was rapidly dropping all other names in favor of "Mustang," and the owners after the bankruptcy dropped *all* names but "Mustang," the false and misleading nature of the Enochs' affidavits and Petitioner's statements are apparent. (R. App. 12, 44.) Further, as noted, they are irrelevant on a Summary Judgment Motion and, therefore, could be injected only to color the facts and prejudice the Court.

The statement is made:

> "Non-Ford dealers stopped handling Westward's 'Mustang' products . . ." (App. 77, 78, 82.)

Again, the relevancy is only to damages—an issue not before the Court on the Summary Motion. The references do not show that *all* "non-Ford" dealers stopped handling "Mustang" products.

In the petition the statement is made:

> "Very widespread and intensely strong actual confusion has been shown, which has severely injured Westward (even though the glittering success of Ford's 'Mustang' for Ford might cause an unthinking person, on a first-glance supposition, to jump to an erroneous conclusion that Ford's use would automatically benefit Westward)." (Pet. 2.)

The District Court searched the records and many affidavits of Petitioners (App. 8-18) and concluded on the subject of confusion as follows:

> "The massive advertising by the defendant and of its franchised distributors and dealers of defendant's products, including the MUSTANG automobile, together with the practice of the delivering of the written warranty to buyers clearly communicated at all times in question beyond any doubt to the public that the defendant was the manufacturer, seller and warrantor of the MUSTANG automobile. The force of the massive

advertising left no doubt in the public mind of the defendant's origination of the MUSTANG automobile even if the public was in the past or in the future became acquainted with the extensive history of prior use of the name MUSTANG accompanied by the representation of a horse by many other manufacturers with their many products. The public has never been, is not now, nor ever will or could be confused, or misled, or deceived by the defendant in the use of the name MUSTANG, accompanied by a representation of a horse, that any one other than the defendant was the originator, seller and warrantor of the MUSTANG automobile. There is no likelihood that the public has been, is now, ever will or could be confused over whether or not the plaintiffs were, or are the originators, sellers and warrantors of the MUSTANG automobile. (App. 27-28.)

* * * * *

"The defendant has avoided any claim of confusion of the origin of its automotive product by immediately and continually informing the public that the MUSTANG automobile was a product of defendant. From the outset of the MUSTANG automobile's production it has acquired a secondary meaning in the automobile industry and in that market. There is no deception of the public or likelihood of public confusion, or the palming off of defendant's product upon the good name, or service, or other attributes of plaintiffs' enterprise that it may have acquired. The public is informed that the MUSTANG automobile is a product of defendant." (App. 30-31.)

The Circuit Court of Appeals, commenting on this phase of the District Court's opinion said:

"In the court's view there is no likelihood, considering the significance of an automobile or trailer purchase and the discerning character of dealers and users of automobiles and trailers, of their confusing the origins of Ford's and Westward's products. Whatever confusion might result concerning the origin of Westward's products is, the court felt, within the risk West-

> ward took by choosing and developing a weak trademark and is, for that reason, not actionable." (App. 57-58.)

The Court further said there was "slight evidence" of confusion as to the source of Westward's product (App. 60) and concluded:

> "The tests of unfair competition and trademark infringement formulated by the Indiana courts, as in *Hartzler*, do not embrace the latter type of confusion."

Conclusive on confusion are Petitioner's responses to Ford's interrogatories 66 and 67. The response to 66 was that Plaintiff (Petitioner) "has no knowledge of anyone who purchased of Plaintiff thinking it was produced by Defendant (Ford)." (R. App. 24.) The response to 67 was that "Plaintiff has no knowledge" of any person who purchased a "Mustang" automobile who thought it was produced by Westward. (R. App. 24-25.)

(xii) Statements Outside of the Record.

On page 11 of the Petition, it is stated:

> "And continuing even today in 1968 it (Westward) is still in bad financial trouble, even though it has gone through three sets of administrations still struggling to maintain the 'Mustang' line, and even though product-quality and various other changes have been made."

This statement is wholly outside the record as counsel knows. It is intended to be so prejudicial and is so inaccurate that it should not be left in the Court's mind as it stands. A deposition was taken (and is on file in the District Court) of one of the present shareholders of Westward in connection with the pending counterclaim on the federal trademark. The witness there said another shareholder "had broken his commitment" to finance the company. Also, as anyone in Shelbyville, Indiana (where West-

ward's plant is now located) knows, new trailers and campers are rolling out of the plant to a lot where a score or more are awaiting shipment—all bearing the name "Mustang!" The local dealer in "Mustang" trailers and campers at the other end of town is a Chrysler dealer who has many "Mustang" units on display with his Chrysler and Plymouth automobiles.

The Court should disregard both statements—Petitioners and ours.

(xiii) The Federal Registration of "Mustang" by Westward.

Until about the time of Enochs' deposition on July 22, 1965, Westward used upon its products a truck hood ornament purchased from White Motor Corporation, a motor truck manufacturer, which ornament White used upon its truck products. The ornament carried a "five or six inch horse with the name 'White' across the rump." (R. App. 9, 42, 44.)

On October 22, 1962, Westward applied for a federal trademark registration. (R. App. 45.) The application for registration was first refused by the Patent Office since the mark was like the "Mustang" mark previously registered by the Mustang Trailer Company. Westward ascertained that the Mustang Trailer Company was no longer in business and obtained cancellation of the registration on the ground of abandonment. (R. App. 48.)

In its federal application and two amendments thereto, Westward successively described the products upon which the goods had been used as:

> First description—"Utility coaches, vans, vehicle-carried accommodation for campers or travelers."
>
> Second description—"Camper bodies for pickup trucks or small trucks, truck campers, and travel trailers."

Final description—"Utility van bodies mountable on pick-up trucks and small trucks for providing trailer-type housing and storage accommodations for travellers and sportsmen, coach bodies known as campers for providing such accommodation and mountable on an associated vehicle or carrying unit such as a truck or boat unit, such as pontoon frame, and trailers."

The successive amendments were required because of the position of the Patent Office that the preceding designations were too indefinite. (R. App. 45-46.) The application limited to the final description of goods was opposed by White. (R. App. 46.)

White had used and registered its "Mustang" trademark with the depiction of a horse prior to Westward's first use of the name and horse representation. (R. App. 46.) White's opposition was upon the grounds that the use of "Mustang" with a horse on the hoods of its trucks having the "Mustang" engine in them and on Westward's campers and trailers would create confusion. Westward took the position that there were "significant differences in the nature" of White's goods and trailers and campers. (R. App. 46.)

An agreement was entered into between White and Westward concerning White's opposition, reading in part as follows:

"1. Promptly after the execution of this Agreement, the attorneys for the parties will execute on behalf of the parties, a Stipulated Motion dismissing the opposition with prejudice and cause such stipulated motion to be filed in the United States Patent Office.

2. WHITE hereby covenants not to sue WESTWARD for trademark infringement for use of the trademark MUSTANG and/or a pictorial representation of a horse so long as WESTWARD limits its use of such trademark and/or representation in the manner set out in paragraphs 3-5 below.

3. WESTWARD hereby agrees to forthwith discontinue the use of MUSTANG emblems obtained from WHITE whether or not they include the trademark WHITE.

4. WESTWARD agrees to and forthwith will cease to use the trademark WHITE and/or a pictorial representation of a horse identical to or confusingly similar with pictorial representation of a horse used by WHITE as set forth in the appendices to the above-identified opposition.

5. WESTWARD agrees it will not commence to manufacture and sell, under the trademark MUSTANG any product which is apt to be, in the eyes of the purchasing public, confusingly similar as to source or origin with any product of WHITE."

(Request to Admit, United States District Court for the Southern District of Indiana, Cause No. IP 65-C-199.)

On July 5, 1967, pursuant to the prior stipulation, the opposition of White was dismissed with prejudice. (Request to Admit, United States District Court for the Southern District of Indiana, Cause No. IP 65-C-199.)

On September 5, 1967, after Westward's appeal to the Court of Appeals, the name "Mustang" with the depiction of a horse was registered on the Principal Register in the United States Patent Office in Westward's name for trailers and campers. (R. App. 50.)

ARGUMENT.

Petitioners have shown no reason under Rule 19 of this Court for the granting of a Writ of Certiorari. Accordingly, the petition should be denied.

The complaint is in three counts. The first is for infringement of an Indiana registered trademark. The second is for infringement of a common law trademark. The third is for unfair competition. Jurisdiction in the federal court was founded solely upon diversity of citizenship and the amount of damages in controversy. (App. 2.)

The District Court granted Respondent's Motion for Summary Judgment on all three counts, finding that there was no dispute of a material fact and "there is no deception of the public or likelihood of public confusion, or the palming off of defendant's product upon the good name, or service, or other attributes of plaintiffs' enterprise that it may have acquired. The public is informed that the Mustang automobile is a product of defendant." (App. 30-31.)

The Court of Appeals, without dissent, affirmed the Summary Judgment. It found no genuine issue as to a material fact. That Court said:

> "In the court's view there is no likelihood, considering the significance of an automobile or trailer purchase and the discerning character of dealers and users of automobiles and trailers, of their confusing the origins of Ford's and Westward's products." (App. 57.)

INDIANA LAW PROPERLY APPLIED.

In deciding this case, the lower courts strictly followed the law as interpreted by this Court.

Obviously, Indiana law applies to the count upon the Indiana registration. It also applies to the other two counts.

This Court has settled the question of what law applies in a case such as this one. In another diversity case for infringement of a common law trademark and unfair competition it granted certiorari "in order to determine whether local or federal law should have been applied. . . ." The Court in its opinion declared:

> "The only cause of action that this record could possibly support is for unfair competition and common law 'trademark infringement,' to which local law applies."

The Court then said:

> "The decree will be vacated . . . , and the cause will be remanded to the Circuit Court of Appeals, *to afford it opportunity to apply the appropriate local law. . . .*"*

Pecheur Lozenge Co. v. *National Candy Co.* (1942), 315 U. S. 666, 667, 86 L. ed. 1103, 1105.

The Court of Appeals properly applied the Indiana law. (App. 58-61.) We know of no case which challenges *Pecheur*.

Petitioners do not question what the Indiana law is or that it was correctly applied by the Court of Appeals or the District Court.

Petitioners merely suggest that their unsupported theories of what the law ought to be, which are not even related to the admitted facts of this case, "seems" to "require a reexamination" of such cases as *Pecheur*. (App.

* Our emphasis throughout the brief unless otherwise indicated.

20.) *Pecheur* has not been overruled or modified by this Court. Courts, including the Seventh Circuit, have consistently applied the rule of that case.

Addressograph-Multigraph Corp. v. *American Expansion Bolt & Mfg. Co.* (7th Cir. 1941), 124 F. 2d 706; *cert. den.* 316 U. S. 682, 86 L. ed. 1755;

American Photographic Pub. Co. v. *Ziff-Davis Pub. Co.* (7th Cir. 1943), 135 F. 2d 569, 572;

Philco Corp. v. *Phillips Mfg. Co.* (7th Cir. 1943), 133 F. 2d 663, 666.

Wholly apart from *Pecheur,* the Petitioners waived any right to question the application of Indiana law. Indiana has adopted the Uniform Judicial Notice of Foreign Law Act. (Burns' Ind. Stat. § 2-1652 [1968 Repl.].) When, as required by the act, Petitioners did not declare either in the pleadings or by notice, that they believed the applicable law to be different than Indiana law, the law of the forum was properly applied.

Fardy v. *Mayerstein* (1943), 221 Ind. 339, 349-351.

Rekeweg, the only case cited by Petitioners on the question of the applicable law, has nothing whatsoever to do with this case. It was a personal injury case where the parties had agreed that Ohio law applied. The Seventh Circuit Court of Appeals affirmed the lower court's holding that in these circumstances Ohio law applied to an action based on defendants' having fraudulently prevented plaintiffs from filing a claim against decedent's estate in Ohio.

Rewekeg v. *Federal Mutual Insurance Company* (7th Cir. 1963), 324 F. 2d 150-51.

THE FEDERAL REGISTRATION NOT IN ISSUE.

Federal registration was granted to Westward after briefing this case in the Court of Appeals and shortly before the argument. The complaint, the evidence, and the briefs were not directed to it. The Court of Appeals, therefore, properly ignored the registration in its opinion. (App. 53.)

Further, it should be pointed out that the issue of infringement of the federal registration is now pending before the District Court on a supplemental counterclaim filed initially in this action. (R. App. 76-77.)

NO OTHER BASIS FOR WRIT.

Since the law has been properly applied, all of the Petitioners' "Reasons for Granting the Writ" (App. 8-20) are irrelevant.

We would not leave the impression that Indiana law is in conflict with or materially different from the decisions of other courts and forums as applicable to the facts of this case. The Court of Appeals' decision in this case is not in conflict with the three other Court of Appeals' decisions cited by Petitioners or the Seventh Circuit decision cited. For that matter, we know of no decision in conflict with the District and Circuit Court of Appeals' decisions in this case. Even the quoted language in the petition, taken in context, is consistent with the decision in this case.

In *Yale*, defendant had a registered mark for locks and many sorts of hardware. Plaintiffs adopted the mark for flash-lights and batteries sold through hardware stores and sought a decree to compel its registration for such products. The decree was denied. There it was said:

> ". . . the record contains many instances where the defendant's buyers did, or said that they should, sup-

pose the plaintiff's flash-lights to be one of the defendant's products, and it is extremely probable that mistakes will continue unless the practice ceases.

* * * * *

The law of unfair trade comes down very nearly to this—as judges have repeated again and again—*that one merchant shall not divert customers from another by representing what he sells as emanating. . . .*" from another.

Yale Electric Corporation v. *Robertson* (2d Cir. 1928), 26 F. 2d 972, 973.

In *Fleischmann,* plaintiffs had a registered mark of "Black & White" for Scotch whiskey. Defendants thereafter adopted that name for its beer. The court said:

"It is our view, and we so hold, that the average purchaser, as the courts have described him, would be likely to believe, as he noted the Black & White beer in Ralphs' stores, that the maker of the beer had some connection with the concern which had produced the well known Black & White Scotch whiskey.

* * * * *

We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind. *The only possible purpose could have been to capitalize upon the popularity of the name chosen.* This popularity, they must have known, would extend to their product because the public would associate the name Black & White with something old and reliable and meritorious in the way of an alcoholic beverage."

Fleischmann Distilling Corp. v. *Maier Brewing Company* (9th Cir. 1963), 314 F. 2d 149, 155, 157.

In *Sweetarts,* the plaintiff had a registered mark "SweeTarts" which was used on candy and other products.

Defendant copied the mark and used it also on candy. The court said:

> "Defendant has adopted the very same word and used it to denominate its candy product. We think the likelihood of confusion arising from this adoption is manifest. The words are exactly the same, each using a large S and large T in the spelling. They are applied to the same general class of product, candy. This, on its face, bespeaks of confusion and infringement.
>
> We do not believe the candy purchasing public who might be exposed to both plaintiff's and defendants' candy can escape the confusion. A person who sees defendants' 5 cent tart tablet for 'kids' marked 'Swee-Tarts' will naturally believe that plaintiff's butter toffees and assorted chocolates, also marked 'Swee-Tarts', come from a common source. Plaintiff, as well as the public, is entitled to protection from a situation, such as this, that is latent with possibilities of confusion, mistake or deception."
>
> *Sweetarts* v. *Sunline, Inc.* (8th Cir. 1967), 380 F. 2d 923, 927.

In each of these three cases, the second user copied the first user's trademark, which was federally registered, for the purpose of a free ride on the first user's good will. The confusion in each case was such that the public was likely to consider the second user's goods or services as emanating from the first user. All involved goods (flash-lights, beer and candy) which are objects of impulse purchase. Such is not the case here. Ford did not obtain a free ride on Westward's good will. Further, trailers, campers and automobiles are not the objects of impulse purchase. The price and infrequency of such purchases makes the discriminating purchaser rule applicable.

The *Tisch* case is in the same category. A motel owner in Chicago copied the name "Americana," using the same style letters, even to the star in place of a dot over the "i,"

which the plaintiff previously had registered and used on its famous hotels in Miami Beach, New York and San Juan.

Tisch Hotels v. *Americana Inn* (7th Cir. 1965), 350 F. 2d 609.

Further, Petitioner's response to an interrogatory makes these cases wholly inapplicable to this case.

Defendant's Interrogatory No. 67:

> "State the name and address of every person known to Plaintiff to have purchased a product of the Defendant bearing the name 'MUSTANG' who believed or thought that it was produced by the Plaintiff, and give in each case the name of the person or persons to whom such belief or thought was communicated."

Plaintiff's Answer:

> "Plaintiff has no knowledge of any such person."

Ford did not trade on the good will of Westward. Contrary to the second users in the above cases, Ford has thoroughly identified its product, the "Mustang" automobile, with the Ford Motor Company and has never attempted to palm it off to the public as Westward's.

The Court of Appeals said that it found "no rational basis for support" for the "suggested doctrine of 'reverse confusion.'" (App. 61.) No case cited by Petitioners supports such a doctrine. But, even if there were such a doctrine, the response to an interrogatory makes it clear that there is no reverse confusion here.

Defendant's Interrogatory No. 66:

> "State the name and address of every person known to Plaintiff to have purchased a product of Plaintiff having the name 'MUSTANG' who believed or thought that it was produced by the Defendant, and give in each case the name of the person or persons to whom such belief or thought was communicated."

Plaintiff's Answer:

> "Plaintiff has no knowledge of anyone who purchased of Plaintiff thinking it was produced by the Defendant; and according to Plaintiff's *belief*,* those persons who thought that Plaintiff's products are produced by the Defendant are persons who have *not* purchased a product of the Plaintiff."

The admission that no purchasers of either Ford or Westward were confused as to the source of the respective products is an insuperable barrier to any relief. The District Court and the Court of Appeals found no confusion or likelihood of confusion which was actionable.

The decision of the District Court and Court of Appeals is consistent with the common practice in the industry for mobile homes, trailers and campers to use names also used on automobiles. Fifty-four such common uses are admitted by Petitioners. (R. App. 29-42.) These common uses are of such well known names as Century, Continental, Dart, Electra, Falcon, Fury, Galaxie, Imperial, Pontiac and Thunderbird. American Motors opposed the federal registration by a trailer manufacturer of "Holiday Rambler," but a consent judgment was entered in that case mandating the registration, as noted above. White Motors opposed Westward's registration since it used "Mustang" and a horse on the hood of its trucks in which it had its "Mustang" engine. Westward secured its federal registration by an agreement with White which stipulates that the registration may be issued and also provides:

> "3. WESTWARD hereby agrees to forthwith discontinue the use of MUSTANG emblems obtained from WHITE whether or not they include the trademark WHITE.

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* No evidence in the record supports the *belief*. Under Rule 56 of the Rules of Civil Procedure, this portion of the answer is not admissible evidence.

4. WESTWARD agrees to and forthwith will cease to use the trademark WHITE and/or a pictorial representation of a horse used by WHITE as set forth in the appendices to the above-identified opposition.

5. WESTWARD agrees it will not commence to manufacture and sell, under the trademark MUSTANG any product which is apt to be, in the eyes of the purchasing public, confusingly similar as to source or origin with any product of WHITE." (R. App. 49.)

Since White manufactures motor vehicles and parts and accessories for them, this is an admission by Westward that any exclusive right it may have to use "Mustang" for trailers and campers does not extend to motor vehicles and the parts and accessories for them. How then can Westward rationally say here that the use of "Mustang" and the depiction of a horse upon an automobile would be likely to be confused with a trailer bearing "Mustang" and the depiction of a horse?

In light of the common practice in the two industries, the answer of the District Court and Circuit Court of Appeals that there is no likelihood of confusion is obviously correct.

Whether Westward's federal registration of Mustang, issued just before the argument in the Court of Appeals, for campers and trailers is infringed by Ford, was not an issue in these proceedings. It is in issue before the District Court and Westward will have its day in court in due course there. (R. App. 76-77.)

CONCLUSION.

No other reasons for a writ under Rule 19 are present. The Court of Appeals did not decide an important "federal question" in conflict with the decisions of this Court. It properly decided a question of local law in accordance with the law of the forum. It did not decide an important question of federal law which should be decided by this Court. It decided merely a routine state-law trademark and unfair competition question.

The Court of Appeals did not depart from the accepted course of judicial proceedings. No supervision of this Court is called for. Vague references to the Fifth and Fourteenth Amendments and the Commerce Clause are mentioned for the first time in these proceedings in the Petition for Writ. How they have been violated has not been stated or supported in any way.

Petitioners do not cite or discuss any Indiana decisions which are the relevant source of law under *Pecheur*. They merely say that the Court of Appeals made "errors as to an assertion of Indiana Law." (Pet. 19.) At another point they concede that Indiana law does not support them. (Pet. 20.)

As pointed out above, *no cases cited* support the Petitioners' theory. Nor do we believe there are any which support Petitioners' theory. The cases and statutes, including those of Indiana, are cited and properly construed and applied by the Court of Appeals in the opinion. (App. 58-60.) This is not directly challenged.

Truly, what Petitioners seek is to have this Court rewrite the Indiana law in accordance with Petitioners' unsupported notion of what the law ought to be. Changes in the Indiana law, obviously, must be left to the Indiana legislature and the courts of the state. Where the state deci-

sions are consistent with the federal decisions and those of other state courts in their application to the facts of the case, no reason for review exists. Such is the case here. No constitutional questions are involved. The vague references to provisions of the United States Constitution, made for the first time in this case in the Petition, do not present any question which this Court should consider.

We respectfully submit that the writ should not be granted.

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